



MONROE COUNTY RETIREE HEALTH CARE TRUST

Summary Annual Report to Members
September 15, 2017

Dear Retiree Health Care Plan Member/Beneficiary:

The County of Monroe has established the Monroe County Retiree Health Care Plan (the “Plan”) pursuant to authority under MCL 46.12a(1)(a). The plan provides for certain described post employment benefits to be provided to qualified County retirees and/or dependents. The County has incurred liabilities with the provision of these benefits under the Plan, and the County has established a Trust Fund to provide a source of money to assist in meeting liabilities under the Plan. A tax exempt Trust has been created to provide a method to fund and pre-fund the retiree health care benefits. All assets in the Trust are restricted for the exclusive use to pay retiree health care benefits and obligations.

The Trust’s assets are managed, invested and reinvested by a board of trustees appointed by the Board of Commissioners. An investment policy that complies with Public Act 314 is used to guide the management of the trust fund’s assets. The primary function of the Retiree Health Care Board of Trustees is to act as investment fiduciary of the trust fund in accordance with and limited to the terms of the Trust Agreement. These terms include acting with the same care, skill, prudence and diligence that a prudent person would use. No decisions or actions relating to retiree health care benefits or eligibility are decided by the board of trustees. Administration of post employment benefits of retirees and dependents is through the County.

This report has been prepared to assist employees, retirees, beneficiaries and others in understanding the financial position of the Trust, the investment performance over time and an accounting of the expenses required to administer the post employment benefits on an annual basis. All investment and financial data is as of December 31, 2016 and the financial data is from audited financial statements.

If you have any questions regarding this report, please contact Michael Bosanac, Administrator/Chief Financial Officer. He can be reached by telephone at (734) 240-7267 or email at michael_bosanac@monroemi.org.

Respectfully Submitted,

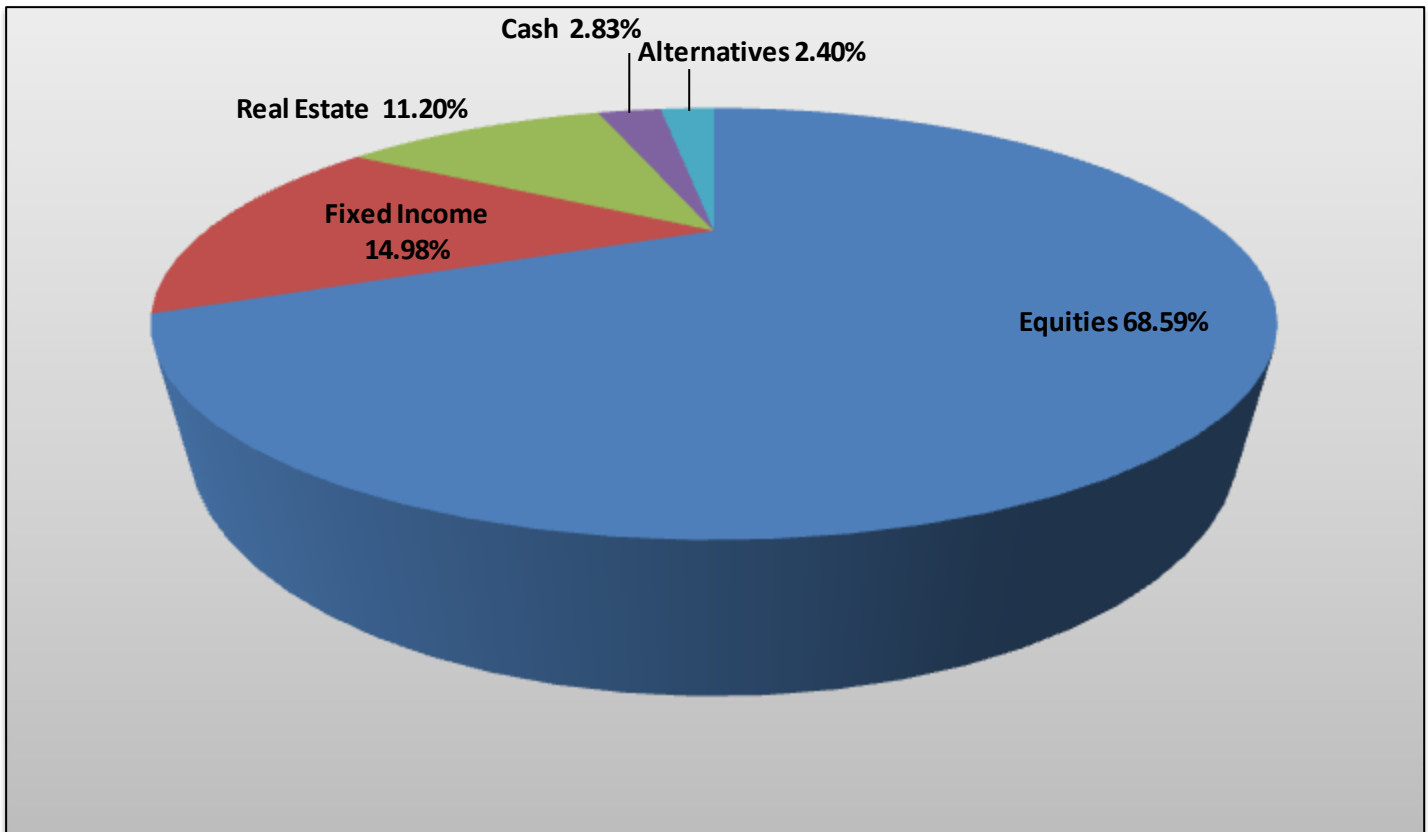
Monroe County Retiree Health Care Board of Trustees

How is money in the Retiree Health Care benefit program invested?

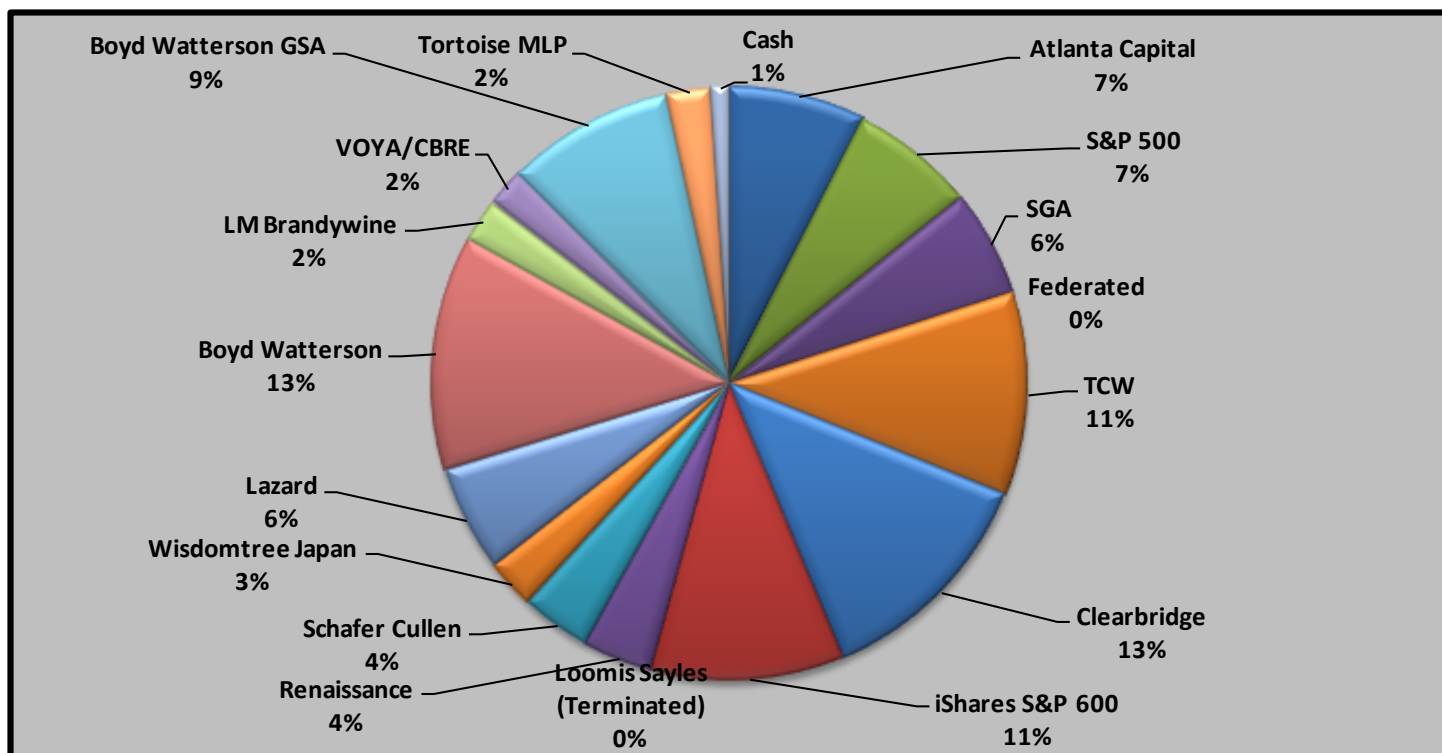
The Retiree Health Care Board of Trustees in consultation with its investment advisor has established the following strategic asset allocation targets and ranges on a market value basis. The investment policy is approved by the Monroe County Board of Commissioners and complies with Public Act 314 guidelines and restrictions. Money is invested in the Trust under this allocation:

Equity:		<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
	Large Cap Stocks	10%	25%	30%
	Mid Cap Stocks	5%	10%	20%
	Small cap Stocks	5%	10%	10%
	International Stocks	<u>0%</u>	<u>10%</u>	<u>20%</u>
	<u>Total Equity</u>	25%	55%	80%
Fixed Income:				
	Domestic / U.S. Core	20%	22%	40%
	High Yield	0%	2%	5%
	Global Bonds	<u>0%</u>	<u>15%</u>	<u>20%</u>
	<u>Total Fixed Income</u>	20%	37%	65%
Real Estate:				
	Indirect	<u>0%</u>	<u>3%</u>	<u>10%</u>
	Direct	<u>0%</u>	<u>2%</u>	<u>10%</u>
	<u>Total Real Estate</u>	0%	5%	10%
Alternative Investments:				
	<u>Total Alternative Investments</u>	<u>0%</u>	<u>0%</u>	<u>10%</u>
Cash:				
	Cash/Cash Equivalent	<u>0%</u>	<u>3%</u>	<u>5%</u>
	<u>Total Cash</u>	0%	3%	5%
	Total Fund		100%	

How were the assets actually allocated and invested in the trust at year-end 12/31/16?



Who are the money managers and how much of the total asset value was invested with each money manager at year end?



	<u>Manager</u>	<u>Asset Class</u>	<u>Value</u>	<u>Portfolio Percentage</u>
<u>Equities:</u>	Atlanta Capital	Core Equity	\$ 3,472,816.89	7.41%
	S&P 500	Index Fund	\$ 3,187,658.32	6.80%
	SGA	Large Growth	\$ 2,728,004.19	5.82%
	Federated	Strategic Dvd	\$ 2,337.73	0.00%
	TCW	Large Value	\$ 5,188,623.46	11.07%
	Clearbridge	Smid Core	\$ 5,904,913.84	12.60%
	iShares S&P 600	Index Fund	\$ 4,939,030.80	10.54%
	Loomis Sayles (Terminated)	Smid Core	\$ 102.96	0.00%
	Renaissance	International	\$ 1,783,858.01	3.81%
	Schafer Cullen	International	\$ 1,782,113.82	3.80%
	Wisdomtree Japan	Dollar Hedge	\$ 1,268,967.10	2.71%
	Lazard	Emerging Markets	\$ 2,687,627.39	5.73%
	<u>Fixed Income:</u>	Boyd Watterson	Intermediate Fixed	\$ 5,982,977.93
LM Brandywine		Global FI	\$ 1,099,298.78	2.35%
<u>Real Estate:</u>	Voya/CBRE	Real Estate	\$ 985,104.87	2.10%
	Boyd Watterson-GSA	Real Estate	\$ 4,262,993.81	9.10%
<u>Alternatives</u>	Tortoise MLP	Alternative	\$ 1,123,333.26	2.40%
<u>Cash:</u>	Cash	Cash	\$ 466,421.25	1.00%
	Total Value		\$ 46,866,184.41	100%

Who contributes funding for the Retiree Health Care benefit program and how much?

<u>Contributions</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Employer	\$ 6,400,652	\$ 6,025,812	\$ 6,230,662	\$ 7,012,487	\$6,721,737
Employee	410,664	457,635	469,073	474,348	426,920
Retirees	168,475	181,250	203,497	193,302	192,924
Other Reimbursements	312,922	450	44,971	47,788	99,405
Total Contributions	\$ 7,292,713	\$ 6,665,147	\$ 6,948,203	\$ 7,727,925	\$7,440,986

What expenses were incurred to administer benefits and pay investment management costs/fees?

<u>Expenses</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Benefits Payments	\$4,829,258	\$4,858,864	\$5,494,191	\$4,830,941	\$5,022,587
Refund of Contributions	90,045	83,171	74,713	106,300	140,257
Administrative expense	31,527	35,678	27,770	33,317	19,497
Investment Management Fees	<u>227,420</u>	<u>255,897</u>	<u>293,185</u>	<u>326,553</u>	<u>248,443</u>
Total Expenses	<u>\$5,178,250</u>	<u>\$5,233,610</u>	<u>\$5,889,859</u>	<u>\$5,297,111</u>	<u>\$5,430,784</u>

What additional information is available concerning investment management fees?

CGA	\$ 18,909.56
Boyd Waterson Int Fl	\$ 46,296.61
Clearbridge Mid	\$ 24,098.18
SGA Large Growth	\$ 17,115.09
Lazard Emerging Mkts	\$ 14,946.03
TCW Large Value	\$ 18,914.17
Atlanta HQ Large Cap Eq	\$ 17,331.40
Renaissance Int'l	\$ 15,115.72
Schafer Cullen Int'l	\$ 14,231.24
Clarion REIT	\$ 10,366.79
Federated Dividend	\$ 30,608.14
Loomis Sayles Smid	\$ 20,412.69
Total 2016 Fee	\$ 248,345.62

What is the total value of the assets in the Retiree Health Care Benefit Trust Fund, available to pay retiree health care benefits?

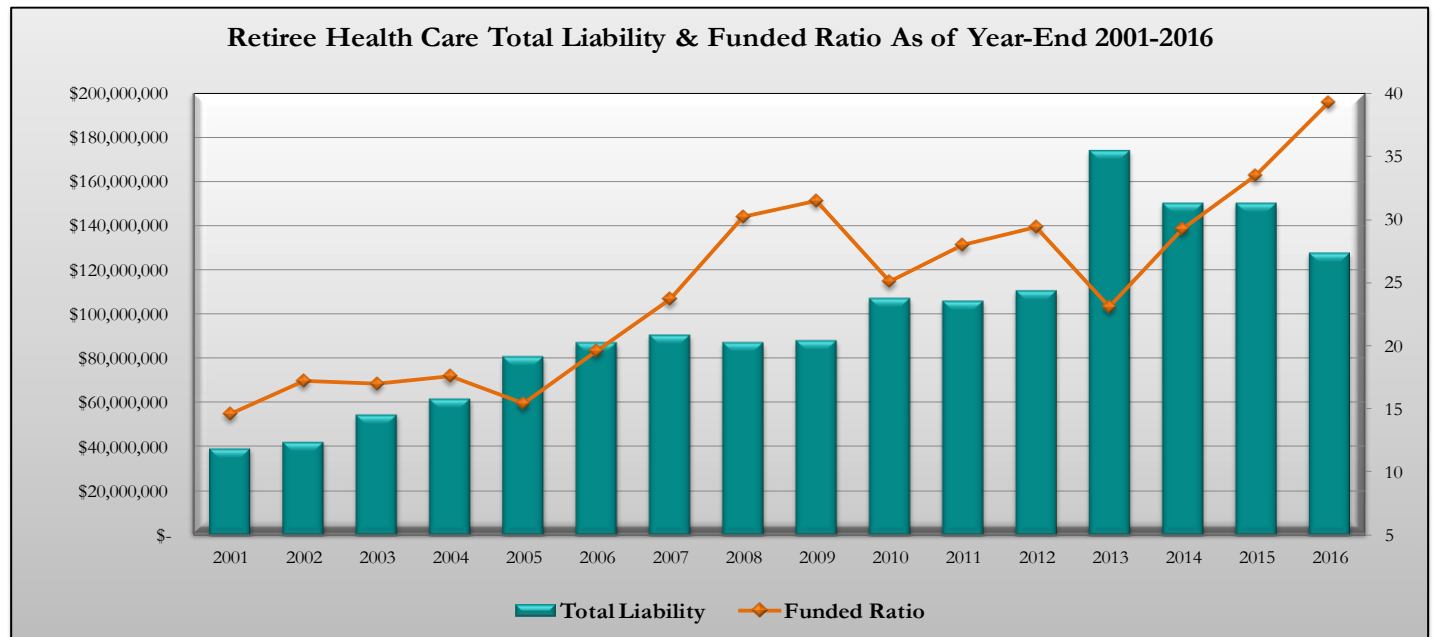
<u>Net Assets Held in Trust</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Beginning of Year	\$ 27,322,398	\$ 32,175,735	\$ 38,346,096	\$ 41,314,729	\$43,833,965
End of Year	\$ 32,175,735	\$ 38,246,096	\$ 41,314,729	\$ 43,833,965	\$48,491,075

What has been the investment performance over time?

	<u>2016 Returns</u>	<u>3 Year Returns</u>	<u>5 Year Returns</u>	<u>7 Year Returns</u>	<u>10 Year Returns</u>	<u>Since Inception January 1998</u>
Net of Fees	7.42%	4.28%	7.41%	6.37%	3.75%	4.71%
Investment Earnings	\$2,386,952	\$3,771,797	\$10,802,250	\$12,148,302	\$10,061,826	\$14,352,897

What are the liabilities or projected costs of the benefit?
How does that compare with the assets available?

Year	Investment Discount Rate	Total Liability	Funded Ratio
2001	7.0%	\$ 39,290,885	14.6
2002	7.0%	\$ 42,227,371	17.2
2003	7.0%	\$ 54,710,077	17.0
2004	7.0%	\$ 61,595,947	17.6
2005	7.0%	\$ 80,736,245	15.4
2006	7.0%	\$ 87,109,351	19.6
2007	7.0%	\$ 90,534,928	23.7
2008	7.0%	\$ 87,155,864	30.2
2009	7.0%	\$ 88,099,692	31.5
2010	7.0%	\$ 107,199,762	25.1
2011	7.0%	\$ 106,191,863	28.0
2012	7.0%	\$ 110,599,120	29.4
2013	5.5%	\$ 174,263,141	23.1
2014	5.5%	\$ 150,395,839	29.3
2015	5.5%	\$ 150,130,267	33.5
2016	5.5%	\$ 127,617,401	39.3



Who managed and invested the assets of the retiree health care trust in 2016?

Monroe County Retiree Health Care Board Trustees:

Bob Neely, Chairman
 Kay Sisung, Vice- Chairperson
 Al Potratz
 Michael Bosanac
 David Rever

Professional Advisors:

Morgan Stanley, Investment Consultant
 Milliman Actuary
 Rehmann Robson, CPA